

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-318-E

In the Matter of:

Application of Duke Energy Progress, LLC)
For Adjustments in Electric Rate Schedules)
and Tariffs and Request for an Accounting)
Order)

STIPULATION

This Stipulation is made by and between the South Carolina Office of Regulatory Staff ("ORS") and Duke Energy Progress, LLC (the "Company") (together, the "Parties").

WHEREAS, on November 8, 2018, the Company filed an application in the above referenced proceeding proposing changes in its rates, charges, and tariffs for electric service to be effective on June 1, 2019 ("Application");

WHEREAS, in the Application and through testimony the Company has proposed numerous accounting adjustments to be adopted in this proceeding for ratemaking and reporting purposes;

WHEREAS, the ORS has reviewed the Company's proposed accounting adjustments and offered its own adjustments where it believed necessary and appropriate to do so in light of ORS's statutory mission, accounting principles, and previous decisions of the Public Service Commission of South Carolina;

WHEREAS, through joint efforts to resolve rate case issues in this proceeding, the Parties have reached agreement as to Adjustments 22 (Normalization of Storm Costs); 28 (Credit Card

Fees); 25 (Rate Case Expenses); 15 (End-of-Life Nuclear Reserve); 39 (Nuclear Materials and Supplies); and 21 (Adjustment to Non-Labor O&M);

WHEREAS, the Parties have determined that their interests and those of the public would be best served by reaching an agreement on these matters under the following terms, and the Parties stipulate and agree as follows:

1. The Company hereby withdraws from Commission consideration accounting Adjustments #22 (Normalization of Storm Costs); #28 (Credit Card Fees); #25 (Rate Case Expenses); #15 (End-of-Life Nuclear Reserve); #39 (Nuclear Materials and Supplies); and #21 (Adjustment to Non-Labor O&M).

2. Regarding Adjustment #22 (Normalization of Storm Costs), the Parties agree to use a 5-year average (removing the highest (2016) and lowest (2013) year) without any inflation adjustment. The Company will examine the feasibility and customer benefits of a storm damage reserve fund and shall provide a proposal for ORS to evaluate before the Company's next rate case. Adjustment #22 is updated to reflect adjust O&M expense by \$1,018,000 and income tax (\$254,000)

3. Regarding Adjustment #28 (Credit Card Fees), the Parties agree to use the 2018 actual transactions 449,456 times the \$1.50 fee for a total of \$674,184. Accordingly, the Parties agree that Adjustment #28 shall reflect adjustment to O&M expense by 674,000) and income tax (\$168,000) to reflect actual expenses for year end.

4. The Parties agree to the calculation of rate case expenses reflected in ORS Adjustment # 25 (actual rate case expenses received and verified by ORS through December 31, 2018). The Company will continue to defer rate case expenses incurred after December 31, 2018 and will continue to send invoices to ORS for an audit for confidence in the transactions given the

issues raised in this case. For invoice documentation, the Company will either submit paper invoices or the information requested below for electronic invoices consistent with the following:

- a) Electronic invoice detail in the format attached (Exhibit 1)
- b) Confirmation of payment for the electronic invoice.
- c) Affidavits from the vendor/counsel verifying that the amounts are related to this DEP rate case and are true and accurate.
- d) ORS retains the right to spot check or sample rate case expenses, and request paper invoices or other supporting detail and Duke agrees it will obtain and provide from the vendor/counsel unless not available.

ORS reserves its right to challenge the inclusion of the unamortized rate case expense in rate base in the current and any future rate case proceeding.

5. The Parties agree that the Company may establish an end-of-life nuclear reserve fund as proposed in Adjustment #15. The Company shall adjust depreciation and amortization by \$2,938,000, income taxes by (\$733,000), working capital by (\$2,938,000), and accumulated deferred taxes by \$733,000 to adjust the reserve for end-of-life nuclear costs.

6. In compromise and settlement of Adjustment #15, the Parties agree to ORS Adjustment #39. Accordingly, the Parties agree to adjust nuclear materials and supplies inventory by (\$599,000) to remove nuclear materials and supplies inventory at the Harris Nuclear Station that have remained in a hold status for a period greater than four years.

7. In compromise and settlement of Adjustment #15, the Parties agree to ORS Adjustment #21 to remove the inflation adjustment to non-labor O&M.

8. The Parties agree that the decision in this docket does not set precedent for rate recovery of new deferrals in future proceedings using criteria established in an upcoming generic docket or any other criteria the Commission determines appropriate.

9. This Stipulation shall be effective upon execution of the Parties and shall be interpreted according to South Carolina law and only applies to the matters in this docket.

10. The Parties represent that the terms of this Stipulation are based upon full and accurate information known as of the date this Stipulation is executed. If, after execution, either Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Stipulation is based, either Party may withdraw from the Stipulation with written notice to the other Party.

11. This Stipulation shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, affiliates, parent corporations, joint ventures, heirs, executors, administrators, trustees, and attorneys.


12. Each party acknowledges its consent and agreement to this Stipulation by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of this Stipulation. Facsimile signatures and e-mail signatures shall be recognized as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation.

13. The parties agree that signing this Stipulation will not constitute a precedent or evidence of acceptable practice for the matters described herein in future proceedings.

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